

Financial Operations (FO) Gap Analysis

FO Gap Number 1: Funds Receivable System

“As-Is”	“To-Be”	Initial Implementation Points (Final Gaps by February 28, 2004)
<ul style="list-style-type: none">• Performance bonds and bid deposits are tracked manually• Payments received are only tracked when received at agency office• Payors remit funds to agency office• Funds are not always deposited promptly• Tracking of trust funds to be received is done manually	<ul style="list-style-type: none">• Receipt of performance bonds and bid deposits are outsourced• Funds received are tracked from the point of the entry of the commitment into a funds receivable system• Payors will submit funds to lockbox• Funds will be automatically deposited as soon as they are received in the lockbox• Distribution is made upon receipt of funds based on certified ownership	<ul style="list-style-type: none">• Outsource handling of performance bonds and bid deposits• Create Funds Receivable System• Establish lockbox operation• Develop and implement consistent procedures for handling funds (see universal support functions, policies and procedures)• Create funds receivable aging and reporting

“As-Is”	“To-Be”	Initial Implementation Points (Final Gaps by February 28, 2004)
<ul style="list-style-type: none"> • Non-standardized lease compliance for nonpayment or underpayment of funds • Penalties and interest are manually calculated for underpayments or late payments • Some funds from other federal agencies are encoded and tracked manually • Both Federal & Indian Royalty payment are commingled 	<ul style="list-style-type: none"> • Delinquency reports, late notices and/or subsequent cancellation notices will be generated automatically • Penalties and interest will be system generated • All funds from other federal agencies will be handled through Intra-Agency Payment And Collection System (IPACS) • Operators only submit Indian Royalty payments to OST lockbox for processing 	<ul style="list-style-type: none"> • Create automated 10 day show cause notices • Generate penalties and interest for late payment electronically • Issue directive that all funds from other federal agencies are received through IPACS • Develop and implement procedures for handling royalty payments

FO Gap Number 2: Investment Operations

“As-Is”	“To-Be”	Initial Implementation Points (Final Gaps by February 28, 2004)
<ul style="list-style-type: none"> • Cash projections for IIM investments are not fully developed 	<ul style="list-style-type: none"> • Investment operation is a potential outsource candidate • Calculation of projected income and disbursement needs for IIM accounts is automated • Provide updated training to users so that the automated comparison of cash management to investment opportunities is fully utilized • Periodic review and quality control of investment operations is performed 	<ul style="list-style-type: none"> • Create automated cash and portfolio management system for IIM accounts • Develop and provide proper training on system capability and use to fully utilize the automated cash & portfolio management system for tribal accounts

FO Gap Number 3: Disbursements

“As-Is”	“To-Be”	Initial Implementation Points (Final Gaps by February 28, 2004)
<ul style="list-style-type: none"> • Untimely disbursement of performance bonds, bid deposits, etc. • Existing system not utilized to fullest capability • Follow-up activities not standardized • Overly complex disbursement request process 	<ul style="list-style-type: none"> • Management of bid deposits and performance bonds is a potential outsource candidate • Schedule of payments is complete five days prior to disbursement • System users are properly trained on system capability and follow-up activities • Disbursement forms and work tickets with electronic signature are automated 	<ul style="list-style-type: none"> • Consider outsourcing bid deposits and performance bonds management • Mitigate the risk of staff handling of performance bonds and bid deposits (see universal support functions, risk management) • Develop capability to automate disbursement forms and work tickets with electronic signature capability • Enhance system capability to identify prepayment date review for disbursement requests and subsequent follow-up • Develop and provide proper training on system capability and use

FO Gap Number 4: Omnibus Reconciliation

“As-Is”	“To-Be”	Initial Implementation Points (Final Gaps by February 28, 2004)
<ul style="list-style-type: none"> Some reconciliation processes require manual preparation and intervention, especially the reconciliation with Treasury 	<ul style="list-style-type: none"> System generates reconciliation reports or produces auto reconciliation Exception reports are automated to proactively track and remedy exceptions prior to final collections and disbursements Accounting staff can concentrate on analytical and interpretative aspects of the accounting function 	<ul style="list-style-type: none"> Create system generated reconciliation between Treasury and Trust accounting data Develop system capability to generate automated exception reports

FO Gap Number 5: Reporting and Statements

“As-Is”	“To-Be”	Initial Implementation Points (Final Gaps by February 28, 2004)
<ul style="list-style-type: none"> • Beneficiary quarterly statements lack some information (e.g. resource assets, lease information, etc.) • Beneficiary periodic statements and Explanation of Payments (EOP's) are difficult to understand 	<ul style="list-style-type: none"> • Beneficiary statements are comprehensive and detailed enough to allow the beneficiary to know or track asset income • Management reports include anticipated trust fund income and liability information • Beneficiary Statements are self explanatory • Automated reports are generated to more effectively and efficiently meet the reporting deadlines • Beneficiary statements reflect ownership of investment units for IIM statements • Current ownership information is part of the beneficiary statement 	<ul style="list-style-type: none"> • Integrate ownership information and asset income into a single beneficiary periodic statement